



[OMB Control No. 3235-0447, SEC File No. 270-392]

Submission for OMB Review; Comment Request; Extension: Rule 17f-6

Upon Written Request, Copies Available From:
Securities and Exchange Commission
Office of FOIA Services
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Washington, DC 20549-2736

Notice is hereby given that, under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), the Securities and Exchange Commission (the “Commission”) has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 17f-6 (17 CFR 270.17f-6) under the Investment Company Act of 1940 (15 U.S.C. 80a) permits registered investment companies (“funds”) to maintain assets (*i.e.*, margin) with futures commission merchants (“FCMs”) in connection with commodity transactions effected on both domestic and foreign exchanges. Before the rule was adopted, funds generally were required to maintain such assets in special accounts with a custodian bank.

The rule requires a written contract that contains certain provisions designed to ensure important safeguards and other benefits relating to the custody of fund assets by FCMs. To protect fund assets, the contract must require that FCMs comply with the segregation or secured amount requirements of the Commodity Exchange Act (“CEA”) and the rules under that statute. The contract also must contain a requirement that FCMs obtain an acknowledgment from any clearing organization that the fund’s assets are held on behalf of the FCM’s customers according to CEA provisions.

Because rule 17f-6 does not impose any ongoing obligations on funds or FCMs, Commission staff estimates there are no costs related to *existing* contracts between funds and FCMs. This estimate does not include the time required by an FCM to comply with the rule’s contract requirements because, to the extent that complying with the contract provisions could be

considered “collections of information,” the burden hours for compliance are already included in other PRA submissions.¹ Commission staff estimates that approximately 1,302 series of 155 funds which report that futures commission merchants and commodity clearing organizations provide custodial services to the fund.²

Commission staff, however, estimates that any burden of the rule would be borne by funds and FCMs entering into *new* contracts pursuant to the rule as set forth in Table 1 below:

Table 1: Burden of information collection for complying with rule 17f-6

	Estimated responses	Estimated hours burden	Estimated cost burdens
New contracts with FCMs Annually			
	130 series 15 funds ¹	130 series x 0.1 hours = 13 hours 15 funds x 1 hour = 15 hours 13 hours + 15 hours = 28 hours³	13 hours x \$425 (attorney) ⁴ = \$5,525 15 hours x \$425 (attorney) ⁴ = \$6,375 \$5,525 + \$6,375 = \$11,900
TOTALS	130 series and 15 funds annually ²	28 hours annually	\$11,900 annually

¹ The rule requires a contract with the FCM to contain two provisions requiring the FCM to comply with existing requirements under the CEA and rules adopted thereunder. Thus, to the extent these provisions could be considered collections of information, the hours required for compliance would be included in the collection of information burden hours submitted by the CFTC for its rules.

² This estimate is based on the number of funds that reported on Form N-CEN from July 31, 2020– July 31, 2021, in response to sub-items C.12.6. and D.14.6. Money market funds are excluded from this estimate because they are not eligible securities.

¹ These estimates are based on the assumption that 10% of series and funds that currently effect commodities transactions enter into new FCM contracts each year. This assumption encompasses series and fund that enter into FCM contracts for the first time, as well as fund complexes and fund that change the FCM with whom they maintain margin accounts for commodities transactions.

² Commission staff estimates that approximately 155 funds, representing 1,302 separate fund series, currently effect commodities transactions and could deposit margin with FCMs in connection with those transactions pursuant to rule 17f-6. Staff further estimates that of this number, 15 funds and 130 series enter into new contracts with FCMs each year.

³ Based on conversations with fund representatives, Commission staff understands that funds typically enter into contracts with FCMs on behalf of series that engage in commodities transactions. Series covered by the contract are typically listed in an attachment, which may be amended to encompass new series. Commission staff estimates that the burden for a fund to enter into a contract with an FCM that contains the contract requirements of rule 17f-6 is one hour, and further estimates that the burden to add a series to an existing contract between a fund and an FCM is 6 minutes.

⁴ The \$425 per hour figure for an attorney is from SIFMA's *Management & Professional Earnings in the Securities Industry 2013*, updated for 2021 modified by Commission staff to account for an 1,800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

These estimates are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

The collections of information requirements of the rule are necessary to obtain the benefit of relying on the rule. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

The public may view the background documentation for this information collection at the following website, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an e-mail to: Lindsay.M.Abate@omb.eop.gov; and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John R. Pezzullo, 100 F Street, NE, Washington, DC 20549 or send an email to: PRA_Mailbox@sec.gov. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review - Open for Public Comments" or by using the search function.

Dated: December 28, 2021.

J. Matthew DeLesDernier,
Assistant Secretary.

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